

# DOING BUSINESS IN URUGUAY

## – A GATEWAY TO LATIN AMERICA



### The Uruguayan Economy

Uruguay is a fast growing economy with an interesting market potential despite its relatively small size. In 2014 Danish exports to Uruguay totalled DKK 852 million. In the period 2007 – 2014, Danish export to Uruguay increased by 610%. With a central location in South America, 13 free trade zones, and well developed infrastructure, Uruguay provides good opportunities for showcasing and as an entry point to South America. Furthermore, Uruguay is high in transparency rankings, at same levels of Chile. On top of that, more than 3 million tourists from Argentina, Brazil and the US visit the coast of Uruguay every year.

#### DID YOU KNOW THAT...

... Uruguay's purchasing power has increased by 70% the last 4 years...

### Doing business in Uruguay

Uruguay is a market-oriented economy in which the state plays an important role. Uruguay's investment climate is generally positive. Foreign and national investors are treated alike.

There is free remittance of capital and profits, and investments are commonly allowed without prior authorization. Although the global financial crisis slowed down growth, Uruguay managed to avoid a recession and maintained a steady growth of 5.7% in 2011, 3.7% in 2012, and 5% in 2013. Current estimates for 2015 are around 3.4%.

#### DID YOU KNOW THAT...

... in Uruguay there are no restrictions on profit transfers or capital repatriation, for which no prior permission is required from the authorities...

Uruguay offers a non-discriminatory treatment between local and foreign investors, and with its 13 free trade zones, Uruguay is the perfect showcase market and entry point to South America. Denmark's official export credit agency (EKF) qualifies Uruguay as having a good business climate and below-average payment risk.

### Uruguay at a glance

#### General information

- Area: 1,761,215 km<sup>2</sup>
- Population: 3.4 million
- Capital: Montevideo
- Currency: Uruguayan Peso (UYU)
- Head of state: Tabaré Vazquez
- Government structure: Bicameral Parliamentary system. Senate with 31 members and a Chamber of Deputies with 99 members.



#### Economic Outlook

- GDP pr. Capita (2016): USD \$ 15,230
- GDP (2016): USD \$ 52.42 billion
- GDP growth (2017): 2.5 %
- Inflation, GDP deflator (2016): 9.6 %
- Global Competitiveness Index (2016): place 73<sup>rd</sup> of 140
- World Bank: Doing Business (2016): place 92<sup>nd</sup> of 189
- Danish export to Uruguay (2017): DKK 518 million

Source: World Bank Databank, Danmarks Statistik

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### Promising sectors in Uruguay

#### Consumer goods

- Imports of goods and services have increased by 50% from 2013.
- There is an increasing number of wealthy tourists from especially Argentina, Brazil and the USA. Uruguay celebrated in 2012 the visit of 3 million tourists, almost equivalent to their own population of 3.4 million.
- Rising private consumption in Uruguay is a positive development for foreign brands entering the region.



#### Agriculture, food processing & the dairy sector

- Agriculture plays an important role in Uruguay's economy and represents 10% of the GDP. For example, Uruguay imports 75% of the fertilizers it consumes. In the period 2009-2011 imports of fertilizers increased by 93%. Additionally, beef exports in 2015 are forecast at 435,000 tons, the second highest on record. China is the country's number one beef market for export.
- Dairy exports increased by 22% in the same period. Agriculture experienced a 4% growth in 2015.

- There is an increased demand for food ingredients and equipment to the food processing industry.

- Imports of consumer-oriented agricultural products in 2011 reached approx. USD 450 million.

#### Construction equipment

- The construction machinery market depends predominantly on imports. In 2013, total imports were valued at USD 370 million. The capital city of Montevideo and Punta Del Este are the most promising areas.
- There are construction-related projects in shopping malls, ports, hotels and residential construction.
- Investment in heavy equipment is likely to continue over the next years to support growth in infrastructure construction activity.

#### Challenges when doing business in Uruguay

- Small size market
- Access to decision makers
- Understanding local business culture and bureaucracy

#### Rating Uruguay

- **Corruption Index (2014):** rank 21<sup>st</sup> out of 183
- **S&P's Economic/Industry Risk:** 6/7 out of 10
- **Heritage Economic Freedom:** place 29<sup>th</sup> of 179

### How can we add value to your company?

The Embassy of Denmark in Argentina can add value to your company by:

- Using our local network of public and private stakeholders, related business associations, chambers and exhibitions to acquire relevant market information.
- Using our local knowledge to enter the right doors to obtain pertinent market information and key stakeholder contacts.
- Endorsing your company to key decision makers and potential distributors.
- Participating and arranging meetings with relevant stakeholders.
- Providing a pre-study of your specific field to uncover possible potential.

### Contact us:

For more information, please contact the Embassy of Denmark in Argentina, Uruguay and Paraguay, The Trade Council



Jonas Bøving Christiansen | jonchr@um.dk |  
Head of Commercial Department

